Banking

(NAICS 521, 5221)

SIGNIFICANT POINTS

- Banking employment is projected to grow more slowly than average as consolidation and automation make banks more efficient.
- Office and administrative support workers constitute nearly 7 out of 10 jobs; tellers account for more than1 out of 4 jobs.
- Employment of tellers will increase more slowly than average, but job openings should be plentiful because the occupation is large and many tellers leave their jobs every year and must be replaced.
- Employment growth is expected in management and professional jobs, as well as for customer service representatives and securities and financial services sales representatives.

Nature of the Industry

Banks safeguard money and valuables and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier's checks. With the passage of the Financial Modernization Act in 1999, banks also may offer investment and insurance products, which they were once prohibited from selling. As a variety of models for cooperation and integration between the financial services industries have emerged, some of the traditional distinctions between banks, insurance companies, and securities firms have diminished. In spite of these changes, banks continue to maintain and perform their primary role in the financial system—accepting deposits and lending funds from these deposits.

There are several types of banks, which differ in the number of services they provide and the clientele they serve. Although some of the differences between these types of banks have lessened as they begin to expand the range of products and services they offer, there are still key distinguishing traits. *Commercial banks*, which dominate this industry, offer a full range of services for individuals, businesses, and governments. These banks come in a wide range of sizes, from large global banks to regional and community banks. Global banks are involved in international lending and foreign currency trading, in addition to the more typical banking services. Regional banks have numerous branches and automated teller machine (ATM) locations throughout a multi-state area that provide banking services to individuals. Community banks are based locally and offer more personal attention, which many individuals and small businesses prefer. In recent years, online banks—which provide all services entirely over the Internet—have entered the market, with some success. However, many traditional banks have also expanded to offer online banking, and some formerly Internet-only banks are opting to open branches.

Savings banks and *savings and loan associations*, sometimes called thrift institutions, are the second largest group of depository institutions. They were first established as community-based institutions to finance mortgages for people to buy homes and still cater mostly to the savings and lending needs of individuals.

Credit unions are another kind of depository institution. Most credit unions are formed by people with a common bond, such as those who work for the same company or belong to the same labor union or church. Members pool their savings and, when they need money, they may borrow from the credit union, often at a lower interest rate than that demanded by other financial institutions.

Federal Reserve banks are Government agencies that perform many financial services for the Government. Their chief responsibilities are to regulate the banking industry and to control the Nation's money supply—the total quantity of money in the country, including cash and bank deposits. Federal Reserve banks also perform a variety of services for other banks. For example, they make emergency loans to banks that are short of cash and clear checks that are drawn and paid out by different banks.

Interest on loans is the principal source of revenue for most banks, making their various lending departments critical to their success. The commercial lending department loans money to companies to start or expand a business or to purchase inventory and capital equipment. The consumer lending department handles student loans, credit cards, and loans for home improvements, debt consolidation, and automobile purchases. Finally, the mortgage lending department loans money to individuals and businesses to purchase real estate.

The money to lend comes primarily from deposits in checking and savings accounts, certificates of deposit, money market accounts, and other deposit accounts that consumers and businesses set up with the bank. These deposits often earn interest for the owner, and accounts that offer checking provide an easy method for making payments safely without using cash. Deposits in many banks are insured by the Federal Deposit Insurance Corporation, which ensures that depositors will get their money back, up to a stated limit, if a bank should fail.

Technology is having a major impact on the banking industry. For example, many routine bank services that once required a teller, such as making a withdrawal or deposit, are now available through ATMs that allow people to access their accounts 24 hours a day. Also, direct deposit allows companies and governments to electronically transfer payments into various accounts. Further, debit cards, which oftentimes double as ATM cards, instantaneously deduct money from an account when the card is swiped across a machine at a store's cash register. Electronic banking by phone or computer allows customers to pay bills and transfer money from one account to another. Through these channels, bank customers can also access information such as account balances and statement history. Some banks have begun offering online account aggregation, which makes available in one place detailed and up-to date information on a customer's accounts held at various different institutions.

Advancements in technology have also led to improvements in the ways in which banks process information. Use of check imaging, which allows banks to store photographed checks on the computer, is one such example that has recently been implemented by some banks. Other types of technology have greatly impacted the lending side of banking. For example, the availability and growing use of credit scoring software allows loans to be approved in minutes—rather than days—making lending departments more efficient.

Other fundamental changes are occurring in the industry as banks diversify their services to become more competitive. Many banks now offer their customers financial planning and asset management services, as well as brokerage and insurance services, often through a subsidiary or third party. Others are beginning to provide investment banking services that help companies and governments raise money through the issuance of stocks and bonds, also usually through a subsidiary. As banks respond to deregulation and as competition in this sector grows, the nature of the banking industry will continue to undergo significant change.

Working Conditions

The average workweek for nonsupervisory workers in banking was 35.9 hours in 2002. Supervisory and managerial employees, however, usually work substantially longer hours. Twelve percent of employees in 2002, mostly tellers, worked part-time.

Working conditions also vary according to where the employee works. Employees in a typical branch work weekdays, some evenings if the bank is open late, and Saturday mornings. Hours may be longer for workers in bank branches located in grocery stores and shopping malls, which are open most evenings and weekends. Branch office jobs, particularly teller positions, require continual communication with customers, repetitive tasks, and a high level of attention to security. Tellers also must stand for long periods in a confined space.

To improve customer service and provide greater access to bank personnel, banks are establishing centralized phone centers, staffed mainly by customer service representatives. Employees of phone centers spend most of their time answering phone calls from customers and must be available to work evening and weekend shifts.

Administrative support employees may work in large processing facilities, in the banks' headquarters, or in other administrative offices. Most support staff work a standard 40-hour week; some may work overtime. Those support staff located in the processing facilities may work evening shifts.

Commercial and mortgage loan officers often work out of the office, visiting clients, checking out loan applications, and soliciting new business. Loan officers may be required to travel if a client is out of town, or to work evenings if that is the only time at which a client can meet. Financial service sales representatives also may visit clients in the evenings and on weekends to go over the client's financial needs.

The remaining employees located primarily at the headquarters or other administrative offices usually work in comfortable surroundings and put in a standard workweek. In general, banks are relatively safe places to work. In 2002, cases of work-related injury and illness averaged 1.5 per 100 full-time workers, among the lowest in the private sector, where the rate was 5.3.

Employment

The banking industry employed about 1.8 million wage and salary workers in 2002. More than 7 out of 10 jobs were in commercial banks; the remainder were concentrated in savings institutions and credit unions (table 1).

Table 1. Percent distribution of employment in banking by type of institution, 2002

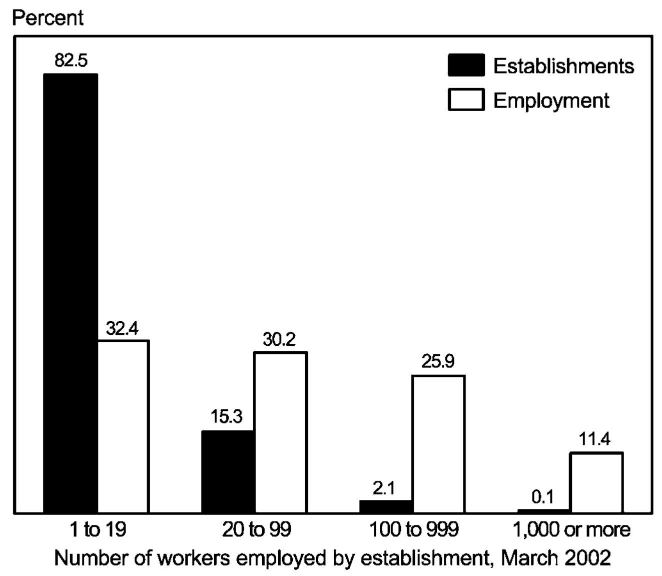
	Establishments	Employment
Banking, total	100.0	100.0
Monetary authorities—Central Bank	0.2	1.3
Depository credit intermediation	99.8	98.7
Commercial banking	67.9	72.5
Savings institutions	15.9	13.8
Credit unions	14.6	11.2
Other depository credit intermediation	1.4	1.2

In 2002, over 82 percent of establishments in banking employed fewer than 20 workers (chart). However, these small establishments, mostly bank branch offices, employed 32 percent of all employees. More than two-thirds of the jobs were in establishments with 20 or more workers. Banks are found everywhere in the United States, but most bank employees work in heavily populated States such as New York, California, Illinois, Pennsylvania, and Texas.

Occupations in the Industry

Office and administrative support occupations account for nearly 7 out of 10 jobs in the banking industry (table 2). *Bank tellers*, the largest number of workers in banking, provide routine financial services to the public. They handle customers' deposits and withdrawals, change money, sell money orders and traveler's checks, and accept payment for loans and utility bills. Increasingly, tellers also are selling bank services to customers. *New*

More than 8 out of 10 establishments in banking employ fewer than 20 workers



accounts clerks and *customer service representatives* answer questions from customers, and help them open and close accounts and fill out forms to apply for banking services. They are knowledgeable about a broad array of bank services and must be able to sell those services to potential clients. Some customer service representatives work in a call or customer contact center environment, taking phone calls and answering emails from customers. In addition to responding to inquiries, these workers also help customers over the phone with routine banking transactions and handle and resolve problems or complaints.

Loan and *credit clerks* assemble and prepare paperwork, process applications, and complete the documentation after a loan or line of credit has been approved. They also verify applications for completeness. *Bill and account collectors* attempt to collect payments on overdue loans. Many *general office clerks* and *bookkeeping*, *accounting*, *and auditing clerks* are employed to maintain financial records, enter data, and process the thousands of deposit slips, checks, and other documents that banks handle daily. Banks also employ many *secretaries*, *data entry and information processing workers*, *receptionists*, and other office and administrative support workers. *Office and administrative support worker supervisors and managers* oversee the activities and training of workers in the various administrative support occupations.

Management, business, and financial occupations account for about 25 percent of employment in the banking industry. *Financial managers* direct bank branches and departments, resolve customers' problems, ensure that standards of service are maintained, and administer the institutions' operations and investments. *Loan officers* evaluate loan applications, determine an applicant's ability to pay back a loan, and recommend approval of loans. They usually specialize in commercial, consumer, or mortgage lending. When loans become delinquent, loan officers, or *loan counselors*, may advise borrowers on the management of their finances or take action to collect outstanding amounts. Loan officers also play a major role in bringing in new business and spend much of their time developing relationships with potential customers. *Trust officers* manage a variety of assets that were placed in trust with the bank for other people or organizations; these assets can include pension funds, school endowments, or a company's profit-sharing plan. Sometimes, trust officers act as executors of estates upon a person's death. They also may work as accountants, lawyers, and investment managers.

Securities, *commodities*, *and financial services sales agents*, who make up the majority of sales positions in banks, sell complex banking services. They contact potential customers to explain their services and to ascertain the customer's banking and other financial needs. They also may discuss services such as deposit accounts, lines of credit, sales or inventory financing, certificates of deposit, cash management, or investment services. These sales agents also solicit businesses to participate in consumer credit card programs. At most small and medium-size banks, however, branch managers and commercial loan officers are responsible for marketing the bank's financial services.

Other occupations used widely by banks to maintain financial records and ensure the bank's compliance with Federal and State regulations are *accountants and auditors*, and *lawyers*. In addition, *computer specialists* are needed to maintain and upgrade the bank's computer systems and to implement the bank's entry into the world of electronic banking and paperless transactions.

Training and Advancement

Bank tellers and other clerks usually need only a high school education. Most banks seek people who have good basic math and communication skills, enjoy public contact, and feel comfortable handling large amounts of money. Through a combination of formal classroom instruction and on-the-job training under the guidance of an experienced worker, tellers learn the procedures, rules, and regulations that govern their jobs. Banks encourage upward mobility by providing access to higher education and other sources of additional training.

Some banks have their own training programs which result in teller certification. Experienced tellers qualify for certification by taking required courses and passing examinations. Experienced tellers and clerks may advance to head teller, new accounts clerk, or customer service representative. Outstanding tellers who have had some college or specialized training are sometimes promoted to managerial positions.

Workers in management, business, and financial occupations usually have at least a college degree. A bachelor's degree in business administration or a liberal arts degree with business administration courses is suitable preparation, as is a bachelor's degree in any field followed by a Master of Business Administration (MBA) degree. Many financial management positions are filled by promoting experienced, technically skilled professional personnel—for example, accountants, auditors, budget analysts, credit analysts, or financial analysts—or accounting or related department supervisors in large banks.

Financial services sales agents usually need a college degree; a major or courses in finance, accounting, economics, marketing, or related fields serve as excellent preparation. Experience in

Table 2. Employment of wage and salary workers in banking by occupation, 2002 and projected change, 2002-12
(Employment in thousands)

Occupation	Employment, 2002 Number	Employment, 2002 Percent	Percent change, 2002-12
All occupations	1,761	100.0	6.4
Management, business, and financial occupations	445	25.3	11.6
Chief executives	17	1.0	9.5
General and operations managers	43	2.5	6.
Marketing and sales managers	13	0.7	14.0
Computer and information systems managers	9	0.5	17.6
Financial managers	81	4.6	9.4
Human resources, training, and labor relations specialists	12	0.7	12.5
Management analysts	11	0.6	9.5
Accountants and auditors	22	1.2	8.9
Credit analysts	13	0.8	9.4
Financial analysts	17	1.0	30.2
Personal financial advisors	15	0.9	29.7
Loan counselors	6	0.4	7.6
Loan officers	97	5.5	10.8
Professional and related occupations	69	3.9	14.1
Computer programmers	9	0.5	-5.3
Computer software engineers	9	0.5	20.0
Computer support specialists	10	0.5	9.5
Computer systems analysts	11	0.7	20.1
Sales and related occupations	65	3.7	15.5
Securities, commodities, and financial services sales agents	41	2.3	20.4
Office and administrative support occupations	1,162	66.0	3.4
First-line supervisors/managers of office and administrative support workers	99	5.6	-2.1
Bill and account collectors	21	1.2	13.5
Bookkeeping, accounting, and auditing clerks	55	3.1	-1.6
Tellers	467	26.5	9.2
Credit authorizers, checkers, and clerks	14	0.8	-13.9
Customer service representatives	112	6.3	20.3
Loan interviewers and clerks	72	4.1	-19.3
New accounts clerks	86	4.9	9.4
Executive secretaries and administrative assistants	42	2.4	-2.1
Secretaries, except legal, medical, and executive	17	1.0	-15.5
Office clerks, general	53	3.0	-4.7

NOTE: May not add to totals due to omission of occupations with small employment.

sales also is very helpful. These workers learn on the job under the supervision of bank officers. Sales agents selling securities need to be licensed by the National Association of Securities Dealers, and agents selling insurance also must obtain licensure.

Advancement to higher level executive, administrative, managerial, and professional positions may be accelerated by taking additional training. Banks often provide opportunities and encourage employees to take classes offered by banking and financial management affiliated organizations or other educational institutions. Classes often deal with a different phase of financial management and banking, such as accounting management, budget management, corporate cash management, financial analysis, international banking, and data processing systems procedures and management. Employers also sponsor seminars and conferences, and provide textbooks and other educational materials. Many employers pay all or part of the costs for those who successfully complete courses.

In recent years, the banking field has been revolutionized by technological improvements in computer and data processing equipment. Learning how to apply these improvements is a vital upgrade to managerial skills that enhances advancement opportunities.

Earnings

Earnings of nonsupervisory bank employees averaged $458 a week in 2002, compared with $632 for all workers in finance and insurance industries, and $506 for workers throughout the private sector. Relatively low pay in the banking industry reflects the high proportion of low-paying administrative support jobs.

Earnings in the banking industry vary significantly by occupation. Earnings in the largest occupations in banking appear in table 3.

Table 3. Median hourly earnings of the largest occupations in banking, 2002

Occupation	Banking	All industries
General and operations managers	$32.75	$32.80
Financial managers	28.26	35.26
Loan officers	19.93	21.15
Securities, commodities, and financial services sales agents	19.17	29.32
First-line supervisors/managers of office and administrative support workers	17.07	18.66
Executive secretaries and administrative assistants	15.71	16.06
Loan interviewers and clerks	12.71	13.38
New accounts clerks	12.04	12.11
Customer service representatives	11.95	12.62
Office clerks, general	11.07	10.71
Tellers	9.81	9.81

In general, greater responsibilities result in a higher salary. Experience, length of service, and, especially, the location and size of the bank also are important. In addition to typical benefits, equity sharing and performance-based pay increasingly are part of compensation packages for some bank employees. As banks encourage employees to become more sales-oriented, incentives are increasingly tied to meeting sales goals, and some workers may even receive commissions for sales or referrals. As in other industries, part-time workers do not enjoy the same benefits that full-time workers do.

Very few workers in the banking industry are unionized—only 2 percent are union members or are covered by union contracts, compared with 15 percent of workers throughout private industry.

Outlook

Wage and salary employment in banking is projected to increase 6 percent between 2002 and 2012, compared with the 16 percent growth projected for the economy as a whole. The combined effects of technology, deregulation, mergers, and population growth will continue to affect total employment growth and the mix of occupations in the banking industry. Overall declines in office and administrative support occupations will be offset by growth in professional, managerial, and sales occupations. Although minimal growth in employment is expected, job opportunities should be favorable, particularly for teller and other administrative support jobs because they make up a large proportion of bank employees and workers in these jobs often transfer to other occupations or leave the labor force.

The consolidation which resulted from bank mergers contributed significantly to employment declines throughout much of the past decade. Merger activity—at a slower pace—is expected to continue over the projection period, dampening employment growth. At the same time, banks have begun to refocus on the branch as a critical means of servicing customers and many banks will open more branch offices in areas in which the population is growing. However, because of widespread automation of many banking services, fewer employees will be hired to staff new branches than in the past

Advances in technology should continue to have the most significant effect on employment in the banking industry. Demand for computer specialists will grow as more banks make their services available electronically and eliminate much of the paperwork involved in many banking transactions. On the other hand, these changes in technology will reduce the need for several office and administrative support occupations. Employment of tellers will grow more slowly than average as customers increasingly use ATMs, direct deposit, debit cards, and telephone and internet banking to perform routine transactions. Other technological improvements, such as digital imaging and computer networking, are likely to lead to a decrease or change in the nature of employment of the "back-office" clerical workers who process checks and other bank statements. Employment of customer service representatives, however, is expected to increase as banks hire more of these workers to staff phone centers and respond to e-mails.

Deregulation of the banking industry allows banks to offer a variety of financial and insurance products that they were once prohibited from selling. The need to develop, analyze, and sell these new services will spur demand for securities and financial services sales representatives, financial analysts, and personal financial advisors. Demand for "personal bankers" to advise and manage the assets of wealthy clients, as well as the aging baby-boom generation, also will grow. However, banks will face continued competition—particularly in lending—from nonbank establishments, such as consumer credit companies and mortgage brokers. Companies and individuals now are able to obtain loans and credit and raise money through a variety of means other than bank loans. Therefore, employment of loan officers will grow only about as fast as the average over the next decade, as some are replaced by financial services sales representatives, who sell loans along with other bank services.

Sources of Additional Information

State bankers' associations can furnish specific information about job opportunities in their State. Individual banks can provide detailed information about job openings and the activities, responsibilities, and preferred qualifications of banking personnel.

Information about careers with the Federal Reserve System is available from the Web site or human resources department of the various regional Federal Reserve Banks.

Information on many of the occupations in banking, including the following, may be found in the 2004-05 edition of the *Occupational Outlook Handbook*:

- Accountants and auditors
- Bill and account collectors
- Bookkeeping, accounting, and auditing clerks
- Computer support specialists and systems administrators
- Credit authorizers, checkers, and clerks
- Customer service representatives
- Financial managers
- Information and record clerks
- Loan counselors and officers
- Securities, commodities, and financial services sales agents
- Systems analysts, computer scientists, and database administrators
- Tellers